

Message Text

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ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

SSO-00 CCO-00 NSCE-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 PA-04 PRS-01 USIA-15 ACDA-19

IO-14 COME-00 DRC-01 INRE-00 /203 W

----- 105224

R 151143Z OCT 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 7899

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

USINT CAIRO

AMEMBASSY JIDDA

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

AMEMBASSY LONDON

USMISSION OECD PARIS

C O N F I D E N T I A L KUWAIT 3759

DEPT PASS TREASURY

E.O. 11652: GDS

TAGS: EFIN, PFOR, KU, XF

SUBJECT: KUWAIT FINANCIAL SUPPORT FOR ARAB WAR EFFORT

SUMMARY: GOK AND NATIONAL ASSEMBLY TAKING STEPS PROVIDE
FINANCIAL ASSISTANCE TO EGSHT AND SYRIA FOR CURRENT WAR

EFFORT. MEANWHILE DOLLARS RELATIVELY STABLE HERE AND
FOR NOW AT LEAST WE DO NOT EXPECT MASSIVE SHIFTS BY
GOK OUT OF DOLLAR OR US INVESTMENTS. END SUMMARY.

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1. AMIRI DECREE HAS BEEN ISSUED CALLING KUWAIT NATIONAL

ASSEMBLY INTO SPECIAL SESSION TUESDAY, OCTOBER 16.
IMPORTANT PURPOSE OF MEETING WILL BE TO DISCUSS
KUWAITI FINANCIAL SUPPORT FOR ARAB, PARTICULARLY
EGYPTIAN, WAR EFFORT. ACCORDING PRESS THIS AND OTHER
SENSITIVE SUBJECTS WILL BE DISCUSSED AT SECRET SESSION
AT REQUEST GOK.

2. "KUWAIT TIMES" CITING OFFICIAL EGYPTIAN SOURCES
HAS REPORTED THAT ALL ARAB STATES HAVE CONTRIBUTED
\$920 MILLION TO EGYPTIAN WAR EFFORT, AND OF THAT
GOK HAS PROVIDED
\$250 MILLION. ACCORDING NEWSPAPER
REPORT SAUDI ARABIA HAS PROVIDED \$300 MILLION, LIBYA
\$170 MILLION, AND ABU DHABI AND QATAR \$100 MILLION
EACH. IN ADDITION GOK REQUESTING APPROVAL FROM
NATIONAL
ASSEMBLY TO HAVE APPROXIMATELY \$100 MILLION
IN EGYPTIAN LOAN REPAYMENTS DEFERRED. ORIGINALLY
LOANS WERE DUE NEXT WEEK.

3. THERE NO SPECIFIC INFORMATION ON GOK FINANCIAL
ASSISTANCE TO SYRIA, BUT IT CAN BE EXPECTED TO BE
SUBSTANTIAL PARTICULARLY IF OTHER ARAB STATES JOIN
KUWAIT IN PROVIDING FINANCIAL ASSISTANCE.

4. DESPITE SOME CALLS IN PRESS OR ELSEWHERE TO GET
RID OF DOLLAR HOLDINGS OUR INFORMATION IS THAT GOK
AND KUWAITIS ARE NOT RPT NOT MAKING SIGNIFICANT
CHANGES IN THEIR FINANCIAL HOLDINGS NOW. DOLLAR
RELATIVELY STABLE OVER LAST TWO WEEKS. ACCORDING
BRITISH MANAGER OF LOCAL BANK KUWAITIS NOT RPT NOT
MAKING SIGNIFICANT MOVEMENTS OUT OF DOLLARS. FYI
AS REPORTED EARLIER THERE HAD BEEN GENERAL TREND AMONG
LOCAL DEPOSITORS TO KEEP RELATIVELY LARGER PROPORTION
THEIR LOCAL DEPOSITS IN KUWAITI DINARS BUT THIS TOTALLY
UNRELATED TO PREENT MIDEAST HOSTILITIES. END FYI.
GOVERNOR CENTRAL

BANK INDICATED TO EMBOFF THERE
NO RPT NO PRESENT INTENTION ON PART GOK TO ALTER KD/
DOLLAR RELATIONSHIP. KD PEGGED TO DOLLAR. SIMILARLY
SINCE MOST GOK-HELD ASSETS IN US THOUGHT TO BE LONG
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TERM ASSETS BELIEVE IT UNLIKELY THEY WILL ATTEMPT
UNLOAD THESE ASSETS UNLESS THERE SERIOUS DETERIORATION
US-ARAB POLITICAL RELATIONS.
STOLTZFUS

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Message Attributes

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Disposition Date: 28 MAY 2004
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Disposition Remarks:
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Executive Order: GS STOLTZFUS
Errors: N/A
Film Number: n/a
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Handling Restrictions: n/a
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